

INSTITUTE OF WOMEN AND ETHNIC STUDIES

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/4/09

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Member
American Institute of
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Society of Louisiana
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Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Institute of Women and Ethnic Studies
New Orleans, Louisiana

We have audited the accompanying statement of financial position of the **Institute of Women and Ethnic Studies (IWES)** as of December 31, 2008, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of **IWES'** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **Institute of Women and Ethnic Studies** as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Institute of Women and Ethnic Studies
Page 2

In accordance with Government Auditing Standards, we have also issued our report dated, September 8, 2009 on our consideration of IWES' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

September 8, 2009

INSTITUTE OF WOMEN AND ETHNIC STUDIES
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008

ASSETS

Cash	\$ 332,077
Prepaid expenses	7,247
Property and equipment, net (NOTES 2 and 4)	14,275
Grants receivable	<u>46,920</u>
Total assets	<u>\$ 400,519</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 2,341
Accrued liabilities	22,630
Deferred revenue (NOTE 8)	<u>258,000</u>
Total liabilities	<u>282,971</u>
Net Assets:	
Unrestricted net assets	<u>117,548</u>
Total liabilities and net assets	<u>\$ 400,519</u>

The accompanying notes are an integral part of these financial statements.

INSTITUTE OF WOMEN AND ETHNIC STUDIES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

Revenues:	
Grant revenue - State and Federal (NOTE 9)	\$ 275,202
Grant revenue - Foundations and Trusts (NOTE 9)	474,532
Contributions	2,144
Interest income	<u>2,516</u>
Total revenues	<u>754,394</u>
Expenses:	
Program services	588,195
Management and general	<u>122,215</u>
Total expenses	<u>710,410</u>
Change in net assets	<u>43,984</u>
Net assets, beginning of year, as previously stated	95,444
Prior period adjustment (NOTE 7)	<u>(21,880)</u>
Net assets, beginning of year, as restated	<u>73,564</u>
Net assets, end of year	<u>\$ 117,548</u>

The accompanying notes are an integral part of these financial statements.

INSTITUTE OF WOMEN AND ETHNIC STUDIES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 318,150	\$ 76,398	\$ 394,548
Fringe benefits	53,752	17,918	71,670
Program events and meeting costs	34,262	725	34,987
Occupancy and facility maintenance	21,485	9,263	30,748
Supplies	11,515	707	12,222
Printing and reproduction	5,105	1,276	6,381
Membership dues	373	250	623
Insurance	6,374	1,593	7,967
Interest	-0-	51	51
Board meeting costs	-0-	2,152	2,152
Telephone and internet	3,868	1,290	5,158
Depreciation	10,171	1,631	11,802
Postage and delivery	410	241	651
Stipends and incentives	13,021	-0-	13,021
Contractual services	97,354	6,455	103,809
Professional fees	<u>12,355</u>	<u>2,265</u>	<u>14,620</u>
 Total expenses	 <u>\$ 588,195</u>	 <u>\$ 122,215</u>	 <u>\$ 710,410</u>

The accompanying notes are an integral part of these financial statements.

INSTITUTE OF WOMEN AND ETHNIC STUDIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets \$ 43,984

Adjustments to reconcile change in net assets
to net assets provided by operating activities:

Depreciation	11,802
Prior period adjustment	(21,880)
Write-off of fixed assets	(6,666)
Increase in grants receivable	(45,674)
Increase in prepaid expenses	(2,144)
Increase in deferred revenue	41,438
Increase in accounts payable	985
Increase in accrued liabilities	<u>18,529</u>

Net cash provided by operating activities 40,374

CASH FLOWS FROM INVESTMENT ACTIVITIES

Purchase of equipment (3,987)

Net cash used in financing activities (3,987)

Net increase in cash 36,387

Cash - January 1, 2008 295,690

Cash - December 31, 2008 \$ 332,077

The accompanying notes are an integral part of these financial statements.

INSTITUTE OF WOMEN AND ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - NATURE OF OPERATION:

The **Institute of Women and Ethnic Studies (IWES)** was founded in 1993 in response to health disparities in women of color. **IWES** is a not-for-profit 501(c)(3) organization based in New Orleans, Louisiana. The mission of **IWES** is to improve the physical, mental, and spiritual health and quality of life of women of color and their families.

IWES develops culturally-appropriate public health programs, activities, and research models that promote holistic health in communities of color. **IWES** has been a pioneer in creating innovative information, education, and communication projects and training opportunities to promote health awareness and activism for and by women and youth of color. **IWES** has earned a reputation as a "think-tank" organization that cultivates community-driven approaches to social change.

IWES is a national organization that is closely connected with the health and wellness of the local community in which we live and work. Our community-based projects in New Orleans guide our national and international initiatives, ensuring that our efforts are authentic to the experiences of the women, youth, and communities that we represent and serve.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A) Principles of Accounting

IWES is a non-profit community based organization whose financial statements are prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those statements.

INSTITUTE OF WOMEN AND ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

B) Basis of Reporting

In accordance with the provision of Statement of Financial Accounting Standards No. 117, which established standards for external financial reporting by not-for-profit organizations, IWES classifies resources for accounting and reporting purposes into three net asset categories, which are unrestricted, temporarily restricted and permanently restricted net assets according to externally (donor) imposed restrictions.

A description of the three net asset categories is as follows:

- o Unrestricted net assets include contributions not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of IWES are included in this category. IWES has determined that any donor-imposed restrictions current or developing programs and activities are generally met within the operating cycle of IWES and, therefore, IWES' policy is to record these assets as unrestricted.
- o Temporarily restricted net assets include realized gains and losses, investment income, gifts and contributions for which donor-imposed restrictions have not been met.
- o Permanently restricted net assets are contributions stipulated by the donor-imposed restriction to be invested in perpetuity and only the income be made available for program operation in accordance with the donor restrictions. Such income is reflected in temporarily restricted net assets until utilized for donor-imposed restrictions.

At December 31, 2008, IWES did not have any temporarily restricted or permanently restricted net assets.

INSTITUTE OF WOMEN AND ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

C) Property and Equipment

Property and equipment are recorded at cost, if purchased, or at fair market value at the date of the gift, if donated. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Property and equipment are computed as follows:

<u>Description</u>	<u>Method</u>	<u>Estimated Useful Life (years)</u>
Equipment	Straight-line	3 to 7
Leasehold improvements	Straight-line	3

D) Support and Revenues

Revenues received under government grant programs are recognized when earned.

Contributions are considered to be available for unrestricted use unless specifically restricted by donors.

E) Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefitted.

F) Income Taxes

IWES is a non-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

INSTITUTE OF WOMEN AND ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

G) Deferred Revenues

IWES reports as deferred revenue grants received earlier than the time for revenue recognition.

NOTE 3 - COMMITMENTS AND CONTINGENCIES:

IWES has entered into contractual arrangements with certain individuals to provide operational assistance, tutorial, self-development and recreational assistance. Such contracts are generally for six (6) to twelve (12) month periods.

IWES is a recipient of grants from state and federal government funds. These grants are governed by various federal and state government guidelines, regulations and contractual agreements. Also, **IWES** is a recipient of grants from private foundations and non-profit organizations.

The administration of the programs and activities funded by these grants is under the control and administration of **IWES** and is subject to audit and/or review by the applicable funding sources. Any grant or award funds found not to be properly spent in accordance with the terms, conditions and regulations of the funding sources may be subject to recapture.

NOTE 4 - PROPERTY AND EQUIPMENT:

As of December 31, 2008, property and equipment consist of the following:

Leasehold improvements	\$ 1,966
Equipment	<u>38,298</u>
	<u>40,264</u>
Less: accumulated depreciation	<u>(25,989)</u>
Total	\$ <u>14,275</u>

INSTITUTE OF WOMEN AND ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - RISK MANAGEMENT:

IWES is exposed to various risk of loss related to torts, theft, or damage to and destruction of assets for which **IWES** is insured under commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 6 - CONCENTRATION OF CREDIT RISK:

IWES maintains cash balances at local banks. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

NOTE 7 - PRIOR PERIOD ADJUSTMENT:

Unrestricted net assets at the beginning of the 2008 fiscal year have been adjusted for an overstatement of an asset in error in prior years. The correction has no effect on the results of the year's activities; however, the cumulative effect decreases beginning unrestricted net assets for the 2008 fiscal year by \$21,880.

NOTE 8 - DEFERRED REVENUE:

At December 31, 2008, deferred revenue consisted of the following:

<u>Funding Source</u>	<u>Amount</u>
The Rockefeller Philanthropy Advisors	\$ 12,000
Ford Foundation	240,000
Ms. Foundation	<u>6,000</u>
Total	<u>\$ 258,000</u>

INSTITUTE OF WOMEN AND ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 9 - GRANTS:

At December 31, 2008, grant revenue consisted of the following:

<u>State and Federal Grants</u>	<u>Amount</u>
Centers for Disease Control	\$ 213,221
Office of Public Health	<u>61,981</u>
Total state and federal grants	<u>275,202</u>

Foundation and Trust Grants

Louisiana Public Health Institute	34,420
National AIDS Fund	50,000
Louisiana Family Recovery Corps	50,000
Ford Foundation	276,562
Academy for Educational Development	33,550
Other	<u>30,000</u>
Total foundation and trust grants	<u>474,532</u>
Total grants	<u>\$ 749,734</u>



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Institute of Women and Ethnic Studies
New Orleans, Louisiana

We have audited the financial statements of the **Institute of Women and Ethnic Studies (IWES)** (a nonprofit organization) as of and for the year ended December 31, 2008, and have issued our report thereon dated September 8, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered IWES' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of IWES' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of IWES' internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

(CONTINUED)

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the IWES' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the IWES' financial statements that is more than inconsequential will not be prevented or detected by the IWES' internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. See finding reference numbers 2008-01 and 2008-02.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by IWES' internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider finding 2008-02 to be a material weakness.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

(CONTINUED)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether IWES' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board of Directors, management, the Louisiana Legislative Auditor, federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

September 8, 2009

INSTITUTE OF WOMEN AND ETHNIC STUDIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2008

Section I - Summary of Auditors' Results

- A. The type of report issued on the financial statements: **unqualified opinion.**
- B. Significant deficiencies in internal control were disclosed by the audit of the financial statements: **yes** material weaknesses: **yes.**
- C. Noncompliance which is material to the financial statements: **no.**
- D. Significant deficiencies in internal control over major programs: **not applicable** material weaknesses: **not applicable.**
- E. The type of report issued on compliance for major programs: **not applicable.**
- F. Any audit findings which are required to be reported under section 510(a) of OMB Circular A-133: **not applicable.**
- G. Major programs: **not applicable.**
- H. Dollar threshold used to distinguish between Type A and Type B programs: **not applicable.**
- I. Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: **not applicable.**
- J. A management letter was issued: **no.**

**INSTITUTE OF WOMEN AND ETHNIC STUDIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2008**

**SECTION II - Findings Relating to the Financial Statements Reported
In Accordance with Government Auditing Standards**

2008-01 - Submission of Audit Report

Criteria

LSA-RS 24:513 (A)(5)(I) requires audit reports to be completed and submitted to the State of Louisiana Legislative Auditor within six (6) months after year end, unless the Louisiana Legislative Auditor Audit Advisory Council approves an extension request, based only on a natural disaster, to file the audit report with the Louisiana Legislative Auditor by a specific date.

Condition

The December 31, 2008 audited financial statements were not submitted to the Legislative Auditor by the statutory due date of June 30, 2009. The Legislative Auditor has approved an extension of time for IWES to file its annual December 31, 2008 financial report by no later September 30, 2009. IWES was granted this extension for circumstances other than a natural disaster.

Effect

An audit report filed with an approved extension from the Legislative Auditor after the six (6) months time frame for any reason other than for a natural disaster is a violation of the State audit completion and submission law.

Cause

IWES' financial statements were not completed in a timely manner.

INSTITUTE OF WOMEN AND ETHNIC STUDIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2008

SECTION II - Findings Relating to the Financial Statements Reported
In Accordance with Government Auditing Standards, Continued

2008-01 - Submission of Audit Report, Continued

Recommendation

We recommend that IWES review its financial reporting procedures to ensure that audit engagements are submitted to the State of Louisiana Legislative Auditor within the required time frame.

INSTITUTE OF WOMEN AND ETHNIC STUDIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2008

**SECTION II - Findings Relating to the Financial Statements Reported
In Accordance with Government Auditing Standards, Continued**

2008-02 - Prior Period Adjustment

Criteria

Management must establish internal control objectives for the accuracy of financial statements and the validity of transactions in order to effectively assess areas of potential risk.

Condition

During the course of our audit, we noted that approximately \$22,000 of 2005 expenses were not recorded to the financial records of IWES, thus cash and net assets were overstated at December 31, 2007. An audit adjustment was made to net assets and cash accounts in the amount of \$21,880.

Effect

IWES' financial statements were materially misstated prior to the audit adjustment.

Cause

IWES failed to properly reconcile a cash account that was overstated over the two (2) proceeding fiscal years.

Recommendation

We recommend that bank reconciliations be performed each month and are documented by the individuals who prepared and approved the reconciliations. Also, IWES should establish procedures to have monthly reviews of the details posted to the general ledger.

INSTITUTE OF WOMEN AND ETHNIC STUDIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2008

Section III - Internal Control and Compliance
Material to Federal Awards

Not applicable.

**INSTITUTE OF WOMEN AND ETHNIC STUDIES
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2008**

**Section I - Internal Control and Compliance
Material to the Financial Statements**

<u>Finding Reference Number</u>	<u>Description</u>	<u>Current Status</u>
2007-01	Bank accounts not properly reconciled.	Partially resolved.
2007-02	Accrual accounting not fully implemented.	Partially resolved.

See current year finding reference number 2008-02.

Section II - Internal Control and Compliance Material to Federal Awards

No matters reported.

Section III - Management Letter

No matters reported.

INSTITUTE OF WOMEN AND ETHNIC STUDIES

EXIT CONFERENCE

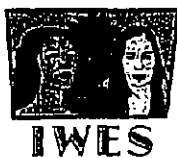
An exit conference was held on September 11, 2009. The following persons were in attendance:

INSTITUTE OF WOMEN AND ETHNIC STUDIES

Ms. Denese Shervington, MD, MPH	--	Chief Executive Officer
Ms. Rheneisha Robertson, MPH	--	Chief Operating Officer
Ms. Maisha Joshua	--	Chief Financial Officer

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Alcide J. Tervalon, Jr., CPA	--	Partner
Mr. Larry Jones, CPA	--	Manager
Mr. Alcide J. Tervalon , III, MBA	--	Senior Accountant



Institute of Women & Ethnic Studies

Appendix A

Management's Corrective Action Plan and Response to the Finding and Recommendation



Institute of Women & Ethnic Studies

September 11, 2009

Steve J. Theriot, CPA
Legislative Auditor
Office of Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Theriot,

This letter transmits the Corrective Action Plan of the Institute of Women and Ethnic Studies (IWES) regarding the findings for the year ending December 31, 2008. The plan presents each audit finding, provides context or background related to each finding, summarizes the recommendations made by the independent auditors, and discusses the corrective actions that IWES has implemented or is in the process of implementing. The plan also includes target completion dates for corrective actions that will be implemented or are currently under way.

The accounting firm of Bruno & Tervalon CPAs, LLP audited our organization's financial statements as of December 31, 2008. In connection with the audit, Bruno & Tervalon CPAs, LLP considered IWES' financial reporting and tested IWES' compliance with certain provisions of applicable laws, regulations, and contracts that could have a direct and material effect on the financial accounting. During the audit, two findings were noted in IWES' Financial and Compliance Audit. As a result, recommendations made by the independent auditors have been, or are currently being resolved.

In response to the findings, the following steps have been implemented to take corrective action.

The persons responsible for the corrective actions are Maisha Joshua, Chief Financial Officer and Rheneisha Robertson, Chief Executive Officer of The Institute of Women and Ethnic Studies. Should you have any questions concerning this response, please contact either one of these individuals at (504) 301-3690.

Sincerely,

Rheneisha Robertson
Chief Operating Officer

Finding 2008-01 -- Submission of Audit Report

Condition

The December 31, 2008 audited financial statements were not submitted to the Legislative Auditor by the statutory due date of June 30, 2009. The Legislative Auditor has approved an extension of time for IWES to file its annual December 31, 2008 financial report by no later than September 30, 2009. IWES was granted this extension for circumstances other than a natural disaster.

Cause

IWES' financial statements were not completed in a timely manner.

Recommendation

We recommend that IWES review its financial reporting procedures to ensure that audit engagements are submitted to the State of Louisiana Legislative Auditor within the required time frame.

Management Response and Corrective Action Plan

We have adopted specific procedures to ensure that our financial records will be prepared and the audit will be performed in a timely manner.

- We have engaged with an external accountant who is contracted through IWES to work with us on a quarterly basis and provide support in ensuring our financial statements are materially correct.
- We have implemented a policy that we must engage with our auditors by January 1st, subsequent to the end of each fiscal year.
- IWES' financial statements will be made available to the auditors and our Board members by mid-March of each year.

Finding 2008-02 -- Prior Period Adjustment

Condition

During the course of our audit, we noted that approximately \$22,000 of 2005 expenses were not recorded to the financial records of IWES, thus cash and net assets were overstated at December 31, 2007. An audit adjustment was made to net assets and cash accounts in the amount of \$21,880.

Cause

IWES failed to properly reconcile a cash account that was overstated over the two (2) proceeding fiscal years.

Recommendation

We recommend that bank reconciliations be performed each month and are documented by the individuals who prepared and approved the reconciliations. Also IWES should establish procedures to have monthly reviews of the details posted to the general ledger.

Management Response and Corrective Action Plan

On August 29, 2005, Hurricane Katrina devastated the Greater New Orleans area and surrounding Gulf Coast region. The Institute of Women and Ethnic Studies was one of many non-profit organizations directly impacted by the physical and systemic destruction it caused. The entire staff was physically displaced throughout the country, all communications and operations were destroyed, and the physical office space was severely damaged. The subsequent damage to the office space prevented any immediate retrieval of important documents, the accounting system, and other organizational records.

Upon securing funds to re-initiate operations and begin rebuilding post-Katrina, IWES contacted an external CPA firm to process payroll for the interrupted period and subsequent hours employees worked. The accountant had previously worked with us and was willing to process payroll through her software.

Although the payroll for these periods was debited from our payroll expenses account, we needed to accurately reflect this in our accounting system. Attempts were made in both 2006 and 2007 audit periods to address and resolve this issue, stressing the need to make the proper entries to the accounting system. As a result of not making the proper journal entries, the cash account reflected an overstatement of funds.

In 2009, upon the recommendation of a financial consultant and the management staff of the organization, the IWES Board of Directors made the decision to engage a new audit firm for the 2008 audit. This measure was taken to exercise best practice accounting methods, and to resolve all prior year issues.

The purpose of reconciliations is to review transactions in the cash accounts and identify and address situations in a timely manner. Although this matter happened under unusual circumstances after Hurricane Katrina, we have implemented the following:

- Enhanced our accounting management practices. The Board Treasurer and senior staff meets monthly to review and assess the financial statements, bank reconciliations and make appropriate adjustments when necessary.
- Enhanced our internal controls over financial reporting by meeting quarterly with our external accountant so that bank reconciliations and the financial reporting system can be reviewed in significant detail to overt any errors.
- As part of our disaster preparedness plan, funding was shifted to a national banking institution.